



DEPARTMENT OF THE NAVY  
COMMANDER MILITARY SEALIFT COMMAND  
914 CHARLES MORRIS CT SE  
WASHINGTON NAVY YARD DC 20398-5540

REFER TO:

COMSCINST 7000.18  
N8  
13 July 2001

## COMSC INSTRUCTION 7000.18

Subj: REVIEW OF COMMITMENTS AND OBLIGATIONS

Ref: (a) DOD 7000.14-R, DOD Financial Management Regulation (FMR) Volume 3, Chapter 8  
(b) ASN (FM&C) Memorandum of 26 June 96  
(c) DFAS-DE Memorandum DFAS-AS/DE of 26 Feb 01  
(d) Under Secretary of Defense (Comptroller) Memorandum of 14 May 96  
(e) Under Secretary of Defense (Comptroller (P/B)) Memorandum of 19 Apr 00  
(f) Under Secretary of Defense (Comptroller) Memorandum of 3 Jul 01

Encl: (1) Reduction/De-Obligation Form  
(2) Report of Commitment Review (Fund Holders)  
(3) Report of Obligation Review (Fund Holders)  
(4) Description and Instructions for Commitment Review  
(5) Description and Instructions for Obligation Review  
(6) Report of Commitment Review (Consolidated)  
(7) Report of Obligation Review (Consolidated)

1. Purpose. To provide guidance for implementing the mandatory review of Commitments and Obligations.

2. Applicability. This instruction applies to all MSC Program Managers, Functional Directors, Special Assistants, Afloat Personnel Management Center (APMC), Area Commanders and MSC Offices (MSCOs) and should be read in its entirety.

3. Background. References (a) through (f) prescribe requirements as related to the recording and review of commitments and obligations in the official accounting system. In accordance with these references, commitments and obligations must be reviewed for accuracy, completeness and timeliness at least four times a year. These reviews must be completed during each of the 3-month periods ending on December 31, March 31, June 30 and September 30, of each fiscal year.

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a. The date the commitment document is signed by an authorized official determines the accounting period in which the commitment is to be recorded.

b. The obligations shall be recorded in the official accounting records at the time a legal obligation is incurred, or as close to the time of incurrence as is possible. However, in no instance should obligations less than or equal to \$2500.00 be recorded later than 3 calendar days or obligations greater than \$2500.00 be recorded later than 10 calendar days following the day that an obligation is incurred.

c. Every effort shall be made to record an obligation in the month incurred. Notwithstanding the 3/10-day rules, obligations of \$100,000 or more—per fund citation or accounting line on the obligation document—shall be recorded and included in the official accounting records in the same month the obligation is incurred.

d. The purpose of reviewing commitments and obligations at least four times each fiscal year is to ensure the accuracy and timeliness of the records in the official accounting system. Commitment and obligation records are the basis for formal financial reports of MSC. These reports are used by management within MSC and by those outside MSC for resource allocation and decisions.

e. In addition, accurate obligation records are a critical factor for MSC in its efforts to eliminate unmatched disbursements (disbursements with no obligations) and negative unliquidated obligations (disbursements that exceed obligations). To the extent that records in MSC's official accounting system are not fully accurate, the associated disbursements cannot be successfully matched to the correct obligations. Also, incomplete obligation records increase the potential for violations of the Antideficiency Act.

#### 4. Roles and Responsibilities

##### a. Fund Holders

(1) Fund holders, individuals having authority to expend funds authorized to a project, are responsible for conducting reviews of outstanding commitments and unliquidated obligations (inclusive of accruals and accounts payable) irrespective of whether the fund holders actually enter commitments and/or obligations into the official accounting system. This responsibility is placed on the fund holders because the fund holders initiate those actions that result in commitments and obligations and, therefore, are in the best position to determine the accuracy and the status of such transactions.

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(2) Review Actions Required by Funds Holders. The following requirements shall be accomplished by the fund holders no later than 14 calendar days following the end of December, March, June and September of each fiscal year. The following requirements represent the minimum review requirement that must be conducted by fund holders. Management at any level may require more detailed or more frequent reviews to ensure the timeliness and accuracy of the financial records of the funds under their cognizance.

(a) Outstanding Commitments. Each outstanding commitment of \$50,000 or more must be reviewed using the guidelines specified in paragraph 4a(3)(b)(1) to 4a(3)(b)(12) to determine if the requirement is still valid, if the amount of the commitment is accurate and whether the commitment has been converted to an obligation and should be recorded as an obligation in the official accounting system. The office that initiated the requirement that led to the commitment should be required to perform the review. It should be noted that a commitment is a requisition recorded in ORACLE for which no Purchase Order (PO) has been recorded. No contract funds will be de-obligated in FMS until after the proper contract modification is executed by the Contracting Officer.

(b) Unliquidated Obligations. Each unliquidated obligation of \$50,000 or more must be reviewed using the guidelines specified in paragraph 4a(3)(b)(1) thru 4a(3)(b)(12) to determine if the recorded obligation amount is accurate, the unliquidated amount is valid and whether goods or services have been received for which a disbursement has not been recorded. It should be noted that unliquidated obligations are those obligations for which a PO has been entered into ORACLE for which no receipt has been recorded.

(c) Remaining Obligations. All commitments and obligations under \$50,000 must be reviewed at least annually.

(3) Documentation

(a) All required adjustments or corrections identified during the review by the funds holders must be documented and should be processed within 10 calendar days of their identification. All adjustments should be coordinated with the appropriate contracting officer, if applicable, to ensure required changes are also made in the Standard Procurement System (SPS). More specifically, the fund holder will initiate de-obligations of SPS contracts by requesting a modification to the contract via the contracting officer. Enclosure (1) should be used to notify N10 of required contract de-obligation. The contracting officer will process the necessary modification(s).

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(b) In order for the Comptroller to sign a confirmation statement, the fund holders should review commitments/obligations, ensuring they have addressed items (1) thru (12) below. Enclosures (2) and (3) for MSC Headquarters and MSCCENT should be sent to Headquarters Accounting Office. Enclosures (2) and (3) for MSCLANT, MSCPAC, MSCFE and MSCEUR should be sent to their respective Accounting Officer. Documents must be submitted within 14 calendar days following December 31, March 31, June 30 and September 30 of each fiscal year.

(1) Confirm that all accrued expenditures (receiving accruals) unpaid have been validated.

(2) Confirm that adequate follow-up was conducted on all dormant commitments over 120 days old to determine if the requirement is still valid, or if an obligation document has been issued but not received or recorded properly.

(3) Confirm that adequate follow-up was conducted on all dormant obligations over 120 days old to determine if the obligation is still valid.

(4) Confirm that adequate follow-up was conducted on all dormant accrued expenditures over 120 days old to determine if a disbursement requires recording or matching.

(5) Confirm that all miscellaneous obligation documents, travel orders and supply requisitions recorded in the system for more than 180 days have been de-obligated, if appropriate.

(6) Confirm that all commitments that could not be substantiated or validated after a thorough review by the fund holders have been decommitted.

(7) Confirm that all obligations that could not be substantiated or validated after a thorough review by the fund holders have been de-obligated.

(8) Confirm that reviews of dormant obligations include reviews of problem disbursements and in-transit disbursements.

(9) Identify problems noted as a result of the review.

(10) Advise whether, and the extent to which, adjustments and/or corrections to remedy noted problems have been taken.

(11) Summarize, by type, the actions and/or corrections remaining to be taken, and when such actions/corrections are expected to be completed.

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(12) Identify what actions have been taken to preclude identified problems from recurring in the future.

(c) A more detailed description and instructions for preparation of the Reports of Commitment and Obligation Reviews have been developed and are provided in enclosures (4) and (5), respectively.

(d) It is recommended that funds managers perform a **monthly** review of commitments and obligations.

b. Area Command Accounting Officers, Comptroller Division. Area Command Accounting Officers will ensure that all certifications have been received, confirm that the necessary reviews have been performed, consolidate the data and forward the information to Headquarters Accounting Office via their chain of command no later than 18 calendar days following the end of December, March, June and September of each fiscal year. (See enclosures (6) and (7).)

c. Headquarters Comptrollers. Within 30 calendar days following the end of December, March, June, and September of each fiscal year, the Headquarters Comptroller will provide to Assistant Secretary of the Navy (Financial Management and Comptroller) (*for Navy*) and to Defense Finance and Accounting Service, Denver (*for USTRANSCOM*) a confirmation statement attesting to the review as identified in 4a(3)(b)(1) through 4a(3)(b)(12) above. Such certification will include a summary of the extent of each review, problems resolved and unresolved and what action is being taken.

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G. S. HOLDER

## Distribution:

COMSCINST 5215.5

List I (Case A, B, C)

SNDL 41B (MSC Area Commanders)

41D (MSC Offices)

41E (APMC)

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**REDUCTION/DE-OBLIGATION FORM**

<b>REDUCTION/DE-OBLIGATION FORM</b>				
<b>Contract No./Purchase Order No.</b>				
<b>LOCATION OF CHANGES FMS to SPS</b>				
<b>FMS</b>	<b>LINE</b>	<b>SHIPMENT</b>	<b>DISTRIBUTION</b>	
<b>SPS</b>	<b>CLIN</b>			
<b>AMOUNT OF CHANGES FMS to SPS</b>				
	<b>INITIAL OBLIGATION</b>	<b>CHANGE</b>	<b>REVISED OBLIGATION</b>	
<b>ADDITIONAL COMMENTS (Optional)</b>				
By indicating approval of this form, all parties agree they have verified to the best of their knowledge, that the amounts identified for the Reduction/De-Obligation are not required for the Contract/Purchase Order indicated above.				
<b>PROGRAM MANAGER</b>			<b>DATE</b>	
	<b>APPROVE</b>			
	<b>DISAPPROVE</b>			
<b>CONTRACTING OFFICER</b>			<b>DATE</b>	
	<b>APPROVE</b>			
	<b>DISAPPROVE</b>			
<b>Date of Reduction/De-Obligation</b>				

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**REPORT OF COMMITMENT REVIEW (FUNDS HOLDERS)**

From: (Fund holder submitting the report), Military Sealift Command, Code \_\_\_\_\_

To: Accounting Officer, Military Sealift Command, (HQ, PAC, LANT, EUR or FE)Period ending: (Month, Year)Appropriation 97X4930.ND2A for NAVY

No. of Doc Reviewed	Amt of Com Reviewed	Amount Committed	Amount Decommited

Appropriation 97X4930.FD20 for USTRANSCOM

No. of Doc Reviewed	Amt of Com Reviewed	Amount Committed	Amount Decommited

<b>Totals</b>			
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I hereby certify that the review and validation of outstanding commitments has been completed as prescribed by COMSC Instruction 7000.18. Documentation is on file for audit purposes and will be retained for 24 months.

\_\_\_\_\_  
*Signature*\_\_\_\_\_  
*Title*\_\_\_\_\_  
*Date*

13 July 2001

**REPORT OF OBLIGATION REVIEW (FUNDS HOLDERS)**

From: (Fund holder submitting the report), Military Sealift Command, Code \_\_\_\_\_

To: Accounting Officer, Military Sealift Command, (HQ, PAC, LANT, EUR or FE)Period ending: (Month, Year)Appropriation 97X4930.ND2A for NAVY

No. of Doc Reviewed	Amt of Obl Reviewed	Amount Obligated	Amount De-obligated

Appropriation 97X4930.FD20 for USTRANSCOM

No. of Doc Reviewed	Amt of Obl Reviewed	Amount Obligated	Amount De-obligated

<b>Totals</b>			
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I hereby certify that the review and validation of outstanding obligations has been completed as prescribed by COMSC Instruction 7000.18. Documentation is on file for audit purposes and will be retained for 24 months.

\_\_\_\_\_  
*Signature*\_\_\_\_\_  
*Title*\_\_\_\_\_  
*Date*



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## **DESCRIPTION AND INSTRUCTIONS FOR COMMITMENT REVIEW**

From: (Office submitting the report)

To: (send to appropriate addressee)

Period ending: (identify the Quarter and Year being reported on)

Appropriation: (Use 97X4930.ND2A for Navy and 97X4930.FD20 for USTRANSCOM)

Columnar Data:

No. of Doc Reviewed: The number of documents reviewed should reflect the number of requisition documents that have been reviewed. This is the total number of documents reviewed; not those found to be completely and correctly recorded in the accounting records.

Amt of Commitments Reviewed: The amount of commitments reviewed should show the total dollar value of the requisition documents reviewed.

Amount Committed: The amount committed is the dollar amount of requisitions that were recorded in the accounting system as a result of the review performed. This amount includes both commitments for documents not previously recorded in the accounting records until the review was performed and increases to the amount recorded in the accounting system when an under commitment was discovered and corrected.

Amount Decommitted: The amount decommitted should reflect the total dollar amount of commitments that were canceled (decommitted) in the accounting system as a result of the review performed. This amount includes both commitments for which the whole document was canceled in the accounting records because it was not currently valid and also the amount of commitments partially canceled (partially decommitted) as a result of the review performed.

Grand Totals: (Show the grand total of the dollar amounts in each column.)

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DESCRIPTION AND INSTRUCTIONS FOR OBLIGATION REVIEW

From: (Office submitting the report)

To: (send to appropriate addressee)

Period ending: (identify the Quarter and Year being reported on)

Appropriation: (Use 97X4930.ND2A for Navy and 97X4930.FD20 for USTRANSCOM)

Columnar Data:

No. of Doc Reviewed: The number of documents reviewed should reflect the number of obligation documents that have been reviewed. This is the total number of documents reviewed; not those found to be completely and correctly recorded in the accounting records. Each Purchase Order (PO) within ORACLE that is reviewed should be counted as one document reviewed, even though the \$50,000 criteria for review applies to total PO dollars.

Amt of Obl Reviewed: The amount of obligations reviewed should show the total dollar value of the obligation documents reviewed chargeable to the appropriation.

Amount Obligated: The amount obligated is the dollar amount of obligations which were recorded in the accounting system as a result of the review performed. This amount includes both obligations for documents not previously recorded in the accounting records until the review was performed and increases to the amount recorded in the accounting system when an under obligation was discovered and corrected.

Amount De-obligated: The amount de-obligated should reflect the total dollar amount of obligations that were canceled (de-obligated) in the accounting system as a result of the review performed. This amount includes both obligations for which the whole document was canceled in the accounting records because it was not currently valid and also the amount of obligations partially canceled (partially de-obligated) as a result of the review performed.

Grand Totals: (Show the grand total of the dollar amounts in each column).

Enclosure (5)

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## REPORT OF COMMITMENT REVIEW (CONSOLIDATED)

From: (HQ, PAC, LANT, EUR, FE or CENT), Military Sealift Command, Code \_\_\_\_\_

To: Accounting Officer, Military Sealift Command, Code N82

Period ending: (Month, Year)Appropriation 97X4930.ND2A for Navy

No. of Doc Reviewed	Amt of Committed Reviewed	Amount Committed	Amount Decommitted

Appropriation 97X4930.FD20 for USTRANSCOM

No. of Doc Reviewed	Amt of Committed Reviewed	Amount Committed	Amount Decommitted

<b>Totals</b>			
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I hereby certify that the review and validation of outstanding commitments has been completed as prescribed by COMSC Instruction 7000.18. Documentation is on file for audit purposes and will be retained for 24 months.

\_\_\_\_\_  
*Signature*\_\_\_\_\_  
*Title*\_\_\_\_\_  
*Date*

13 July 2001

**REPORT OF OBLIGATION REVIEW (CONSOLIDATED)**From: (HQ, PAC, LANT, EUR, FE or CENT), Military Sealift Command, Code \_\_\_\_\_

To: Accounting Officer, Military Sealift Command, Code N82

Period ending: (Month, Year)Appropriation 97X4930.ND2A for Navy

No. of Doc Reviewed	Amt of Obl Reviewed	Amount Obligated	Amount De-obligated

Appropriation 97X4930.FD20 for USTRANSCOM

No. of Doc Reviewed	Amt of Obl Reviewed	Amount Obligated	Amount De-obligated

<b>Totals</b>			
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I hereby certify that the review and validation of outstanding obligations has been completed as prescribed by COMSC Instruction 7000.18. Documentation is on file for audit purposes and will be retained for 24 months.

\_\_\_\_\_  
*Signature*\_\_\_\_\_  
*Title*\_\_\_\_\_  
*Date*

Enclosure (7)